

For Immediate Release

Media Contact: Matt Lauer, 202-683-3127

Mexico Becoming a New Manufacturing World Hub in the Aerospace Market

*Quality of Work, Strong Engineering Skills, Cost Efficiencies, Safety and Security, and Visionary Mexican Framework
Among Most Attractive Factors for International Aerospace Investors*

MEXICO CITY, July 28, 2011 – The following is being released today by Marca País – Imagen de México:

Mexico has a strong framework to become a leading world manufacturing hub for the aerospace industry; that was the message coming out of the Second Annual Baja California International Aerospace Supplier Forum, a business-to-business exhibition and networking event held last week in Tijuana, Mexico. Mexico has the second largest fleet of private aircraft in the world after the United States, is the tenth largest supplier to the United States market, and has become one of the largest recipients of aerospace foreign direct investments over the past two years.

In an exclusive interview, Flavio Díaz Mirón, chairman of the Mexican Federation of Aerospace Industries, A.C. (FEMIA®) and a key speaker at the Forum, provided key industry insights and what's next for the Mexican aerospace market as it looks to become a world aerospace manufacturing hub. FEMIA is a non-profit association with more than sixty members that represents 95 percent of Mexico's aerospace parts exports. The association includes the world's largest aerospace firms such as Bombardier Aerospace Mexico, Honeywell Aerospace Mexico, European Aeronautic Defence and Space (EADS) Company, Goodrich Aerospace Mexico, among others, as well as several manufacturing providers.

The State of the Mexican Aerospace Market and Key Forecasts

The Mexican aerospace manufacturing market continues its evolution; from simple assemblies, aero-parts manufacturing, and industry consolidation that provides special education and training programs, to the development of a fuselage manufacturing hub manufacturing specialized parts and products. According to FEMIA, there are strong and promising signs of growth for the aerospace manufacturing market that includes:

- Exports of aerospace parts are predicted to grow by 12 percent in 2011, from \$3.1 billion in 2010 to \$3.5 billion, and they are expected to increase further to \$7.5 billion in 2015.
- Direct jobs are expected to grow by 28 percent in 2015, from 29,000 in 2010 to 37,000 in 2015.
- The number of aerospace manufacturing companies operating in Mexico is expected to increase from 232 in 2010 to more than 350 in 2015.

In order for the Mexican market to move into the next phase to become a full airplane assembly hub with design and innovation standards, Díaz Mirón expressed the need to "approve the plans for final assembling of products in Mexico, and the government's support to provide a legal framework to offer internationally-recognized certifications."

Key Mexican Investment Drivers

When asked about what makes Mexico an attractive destination for international aerospace investors, Díaz Mirón considers the following as key drivers:

- Ability to meet requirements and delivery of schedules
- Ability to meet business objectives, particularly cost efficiencies
- Accessibility to raw materials for production
- Economic, social, and political stability of the Mexican market
- Highly educated population with great engineering and technical skills to minimize the learning curve
- Strong and visionary government support, and state commitment to providing the infrastructure needed

John Walsh, president of world-renowned consulting firm Walsh Aviation which advises more than 70 firms in the world in 10 different countries, also added the following factors that attract international investors to Mexico:

- Proximity to the San Diego and Southern California region which have relevant resources for the aerospace manufacturing market

ISO/TS 16949:2009
 2011 JUL 28 PM 12:05
 UNIT

- The Mexican government's support of the aerospace industry and its significant commitment into strengthening the Mexican economy by adding jobs and advancing education through technical training programs.

International firms with operations in Mexico are already benefiting from the investment drivers. For example, "Airbus, Boeing, Embraer, and Bombardier are already working and buying parts from Mexican suppliers," according to Díaz Mirón.

And as the Mexican market looks to be a full airplane assembly hub with design and innovation standards, there are already early signs of success on this path. For example, "the design area has been growing so much, that companies like General Electric are opening a design center in Queretaro, adding more market value," added Díaz Mirón.

"A lot of positive things are happening in Mexico as it continues developing strong business partnerships and work skills become stronger," said Díaz Mirón. "We are moving in the right direction."

Mexico, an International Hub of Opportunities

When asked about Mexico as an international aerospace manufacturing player, Díaz Mirón said, "it is important that people recognize that Mexico is a manufacturing country soon changing into an engineering research stage. Mexico has the pillar of human capital with highly-qualified engineers and technicians coming out of schools and universities that offer the curricula aerospace firms need to succeed in the industry."

Walsh explained that, "the Mexican aerospace industry grew from producing 700 aircrafts per year to 1,000 per year which is a big step, and I believe it could go up to 1,400 by 2014." Walsh added, "International investors would previously go to markets like Bangladesh or Indonesia for their aerospace operations, but now they know it hasn't been working. Instead, Mexico offers the right size of operation and is the right place to be," he concluded.

And both Díaz Mirón and Walsh encourage international investors to experience the Mexican aerospace manufacturing market by themselves. "Come to Mexico, see what you can do, how you can lower your costs, and have the Mexican industry participate in the whole making of the plane," said Díaz Mirón.

Walsh added, "Attending a forum like the one we did last week in Tijuana and visiting the surrounding areas would really be an eye opener for a lot of companies. I have been in the business for 35 years and I was pleasantly surprised by the extent of the Mexican business, the number of companies that already have a presence in Mexico, and the growth being experienced here. Come on down and spend some time seeing what's here and what's going on," he said. "This is my second time in Mexico and it is very nice and I am impressed. I like the people, everyone is very friendly, and they are very professional," he stated.

Marca País - Imagen de México is an initiative to help promote a positive image of Mexico as a global business partner and an unrivaled tourist destination abroad.

###

This press release is being distributed by Qorvis Communications on behalf of Marca País – Imagen de México. Additional information is available at the Department of Justice in Washington, D.C.